

In the Matter of Arbitration

Iowa PERB Case No. CEO 251/Sector 1

Interest Arbitration Award

City of Estherville, Iowa

VS

**American Federation of State, County
and Municipal Employees
Council 61
(Police Unit)**

Award Issued: May 23, 2003

**Suntrup Arbitration Services
Winnetka, Illinois**

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In the Matter of Arbitration

The City of Estherville, Iowa

vs

AFSCME Council 61

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CEO 251/Sector 1

INTEREST ARBITRATION AWARD/Police Unit

Appearances

For the City of Estherville, Iowa

Steve Woodley - City Administrator

For AFSCME Council 61

Danny Homan - Staff Representative

Introduction

Estherville, Iowa has two separate collective bargaining units with 49 of its employees. It has labor contracts with each one of the units. The instant arbitration deals only with city's police officers which is the smaller of the two units. At bar here is a bargaining impasse involving the city's 11 police officers who are in the city's public safety bargaining unit. The city's other, and larger bargaining unit, which encompasses the city's public works' employees, is not party to these proceedings. The bargaining agent for that unit is UFCW Local 79.¹ The police unit is represented by AFSCME Council 61.

¹This unit has a new labor contract which extends from July 1, 2003 to June 30, 2005. City Exhibit 14.

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The police unit and the city of Estherville have a history of third party intervention under protections of Iowa's *Public Employment Relations Act* @ Chapter 20.19 seq. to assist them in resolving impasses at successive rounds of labor negotiations. This arbitration represents but a continuation of that prior practice. According to the representative of the city it has already had 6 fact findings, and 3 interest arbitrations over the years with the instant collective bargaining agent representing the police at Estherville. This is not disputed by the union. In fact, union provides copies of prior fact finding recommendations and arbitration awards going back to 1993.² The manner in which the parties have argued their respective positions in this case is therefore, the arbitrator can but observe, the result of obvious professionalism and intelligence on both sides, as well as considerable practice whereby the parties have honed their skills in practicing the art of making persuasive presentations before an impasse tribunal.

The police unit and the city of Estherville currently have a collective bargaining contract. It runs from July 1, 2002 through June 30, 2003.³ The parties have negotiated over a new contract to take effect when the current one expires. They have mutually agreed to made certain changes in a succeeding contract involving uniform allowance, and the length of the new, proposed contract.⁴

²See an impressive series of exhibits under title of: "Previous Impasse Decisions".

³AFSCME 61 exhibit: "2002 -2003 Labor Agreement (between) the City of Estherville and the Estherville Police/AFSCME/Council 61". This contract extends "...through June 30, 2003..." (p. 22).

⁴City Exhibit 2. Those agreements were arrived at way back in December of 2002.

What the parties could not agree on is wage increase. Absent settlement of this issue the parties went to fact finding in 2003 under the *Act* @ 20.21. A fact finding hearing was held on March 4, 2003. A set of fact finding recommendations was issued by fact finder. These recommendations were not acceptable to AFSCME 61. The police in Estherville, therefore, exercised their privileges under the *Act* @ 20.22 and opted for interest arbitration. The instant arbitrator was subsequently chosen by the parties to hold a hearing and issue an interest arbitration award.⁵

An arbitration hearing was held in the city council chambers of the city of Estherville on May 1, 2003. The arbitrator was advised that the parties had not opted to design their own impasse procedures as permitted by the *Act* @ 20.19 but that those to be followed would be the ones outlined in the *Act*. A recording of the proceedings was kept. The parties advised the arbitrator at the end of their oral presentation, and after proffering exhibits at the May 1, 2003 hearing, that they had no objection to waiving the statutorily required time-frame for the issuance of an interest arbitration Award as outlined under the *Act* and they went on the record to that effect. Because of a busy arbitration schedule the arbitrator subsequently advised the parties in writing on May 15, 2003 that he was appreciative of their offer of an extension, and was accepting their offer of record, for issuing an Award on the matters under consideration in this case. He advised the parties

⁵The instant arbitrator has been provided with a number of copies of the fact finder's report which was issued March 13, 2003. See: "Report of the Fact-finder, Case CEO # 251/Sector 1 in the Matter of the City of Estherville, Iowa (employer) and AFSCME Council 61 (union) representing police officers. James G. Scoville, Fact-finder". The copy he is using here is the original copy provided to him by the Iowa PERB when he was advised that he had been chosen by the parties to arbitrate this case.

that an award would be issued under date of May 23, 2003. The arbitrator would like to thank the parties for their courtesies in this matter.

Statutory Issues

(A) Authority of the Arbitrator

Under Iowa's *Public Employment Relations Act* the parties to a bargaining impasse are at liberty to accept or reject a fact finder's recommendations under 20.21. The parties have no such privileges under the interest arbitration procedures found in the *Act @* 20.22. The *Act* states that the "...determination of the (arbitrator) shall be...final and binding subject to the provisions of the *Act @* 20.17 (6)...".⁶ Further, the parties have the option of submitting their issue(s) at impasse to a panel of arbitrators or they may "...submit the dispute to a single arbitrator..." (*Act @* 20.22 (2)). The parties chose to do the latter in the instant case.

(B) Arbitral Criteria for Framing An Award

The *Act @* 20.22 (9) is fairly specific about factors to be considered by the arbitrator in framing an interest award in the public sector in Iowa. In this regard the *Act* states the following which is cited here for the record.

⁶The *Act @* 20.17(6) states, which is cited here for the record, the following: "No collective bargaining agreement or arbitrator('s) decision shall be valid or enforceable if its implementation would be inconsistent with any statutory limitation on the public employer's funds, spending or budget or would substantially impair or limit the performance of any statutory duty by the public employer. A collective bargaining agreement or arbitrator('s) award may provide for benefits conditional upon specified funds to be obtained by the public employer, but the agreement shall provide either for automatic reduction of such conditional benefits or for additional bargaining if the funds are not obtained or if a lesser amount is obtained".

20.22 (9)

The (arbitrator) shall consider, in addition to any other relevant factors, the following factors:

- (a) Past collective bargaining contacts between the parties including the bargaining that led up to such contracts.
- (b) Comparison of wages, hours and conditions of employment of the involved public employees with those of other public employees doing comparable work, giving consideration to factors peculiar to the area and the classifications involved.
- (c) The interests and welfare of the public, the ability of the public employer to finance economic adjustments and the effect of such adjustments on the normal standard of services.
- (d) The power of the public employer to levy taxes and appropriate funds for the conduct of its operations.

(C) Perimeters of Arbitral Rulings

The statute provides a number of different guidelines to the arbitrator which include some which are not directly applicable to the manner in which the instant case was handled, such as constraints on the arbitrator to discuss matters involved in this case with others than the "...direct parties to the dispute...".⁷ What is pertinent here, however, are the "last final offer"⁸ provisions of the *Act* @ 20.22 (3) which state that the "...submission of the impasse items to the arbitrator() shall be limited to those issues that had been considered by the fact-finder and upon which the parties have not reached

⁷*Act* @ 20.22 (8).

⁸Sometimes referred to as "either-or" or "Russian roulette" constraints put on interest arbitrators. The theory behind such "zero-sum" constructs, here translated into legislation, is to create a situation whereby the parties have sufficient to potentially lose if they go before an arbitrator that they avoid that eventuality altogether and mutually negotiate their own labor contracts. Obviously some theories do not convert into practice very well, at least in some circumstances, as the history of AFSCME Council 61 and the city of Estherville's labor negotiations abundantly show.

agreement. With respect to each such item, the (arbitrator) shall be restricted to the final offers on each impasse item submitted by the parties to the (arbitrator) or the recommendation of the fact-finder on each impasse item...". This "item by item" last final offer approach is easy to translate in the instant case since there is only one item before the arbitrator. The *Act @ 20.22 (3)* imposes an obligation on the arbitrator, however, to scrutinize not only both sides' final offers, but also the fact-finding recommendations issued by the fact finder. In this case, as it turns out, the recommendations of the fact finder and the last final offer by the city amounts to the same thing.

Background

Estherville, Iowa is a city with a population of 6,656 as of this writing according to information provided by both sides to this case. It is located in northwest Iowa, in Emmet country. The city puts considerable emphasis on the fact that the city's population is declining. A review of the 1990 and 2000 census shows that in 1990 the population was 6,720.⁹ So over a ten year period the population has indeed declined, but not appreciably. At best, Estherville is a city which is not growing in population. The same is true for Emmet county. The county's population of 11,027 in 2000 is projected to drop to 10,670 by 2010.¹⁰

Relatively speaking , although it is far from clear how this affects ruling to be

⁹Detailed gross population data is found in the AFSCME Council 31's exhibit entitled: "Population Table".

¹⁰City Exhibit 7.

made here by the arbitrator, it is true that Estherville is changing its rank with respect to other incorporated municipalities in Iowa, population-wise. In 1990 Estherville was the 49th largest city in Iowa. By 2000 it dropped to 55th.

How this slight population decrease has directly influenced the city's finances is far from clear from the data provided in the record of this case albeit the data suggest that the managers of Estherville run a rather tight ship. After a rather prolonged period of decline in annual general fund ending balances from 1990 through 1998 the data show that the city increased its ending balance in 1999 and 2000 by close to \$75,000 which obviously means that its revenue outstripped its expenses during that (albeit short) time-frame. Then in 2001 and 2002, and in projected 2003, this balance, which must of course be treated as a reserve, again heads south in a rather precipitous manner. These trends must be scrutinized closely by the arbitrator as he frames his award in this case.¹¹

Final Offers Before the Arbitrator

The only issue at stake in this arbitration over a new police labor contract in Estherville for the 2003-2004 contract year is a ruling required by the arbitrator on the issue of wage increase. This is the proposed Section 26.1 of the parties' next labor contract which has a starting date of July 1, 2003. The contract will run through June 30, 2004 by prior agreement between the parties. So the award will be limited to a one year wage increase for the unit of 11 police officers.

¹¹City Exhibit 11-A.

The parties present the arbitrator with their last final offers which are cited here. These offers are different from the offers provided to the fact finder. In that proceedings the union argued for a 4% wage increase and the city of Estherville argued for a 1.4% wage increase for the city's police officers for the one year period. After the fact finding report was issued both sides made movement in the other side's direction, in their proposals, without mutual accord on what the wage adjustment should be. The arbitration award issued here will resolve those remaining differences one way or another.

The 11 employees in the bargaining unit obviously do not all have the same classification. Employees in the unit hold assignments as patrolman, detective, sergeant and captain.¹² A scattergram of the distribution of these personnel will be cited at the costing out of the parties' offers before the arbitrator. The parties offer a break-down of current and proposed hourly rate for each of the classifications, in their offers, in accordance with the percentage wage increase they propose. Their offers before the arbitrator in these proceedings are as follows.

¹²It is a curiosity of public safety collective bargaining units in various public jurisdictions in Iowa, and in other states, wherein employees who obviously appear to have supervisory status are members of bargaining units and covered by labor contract. In U.S. union-management relations this is really the exception rather than the rule since employees with supervisory status normally are not found in collective bargaining units with non-supervisory employees. The NLRB's interpretation of the *NLRA* @ Section 11 seq. of that law, covering the private sectors (and the U.S. Postal Service), customarily views supervisors as aligned to the other side of the bargaining table with management. If there is a model of unit determination which approximates the public safety approach in certain circumstances, exemplified here by the situation in Estherville, it is probably the one found in the construction industry and the unionized crafts working in that industry. This is mentioned because the situation in Estherville creates a comparability problem even when comparing unionized police with unionized police in other comparable cities in Iowa. Not all of those other cities either have the same classifications of officers as Estherville, or have officers with supervisory status mixed in with non-supervisors in their bargaining units as the data presented by the union makes it clear.

AFSCME Council 61's Final Offer (3.5% adjustment effective July 1, 2003)

<u>Classification</u>	<u>2002-2003 Wage</u>	<u>2003-2004 Wage</u>
Patrolman		
Start	\$12.92	\$13.37
After 1 Year	14.52	15.03
After 3 Years	15.67	16.14
Detective	16.37	16.86
Sergeant	17.03	17.63
Captain	17.68	18.21

City of Estherville's Final Offer (2.5 % adjustment effective July 1, 2003)

<u>Classification</u>	<u>2002-2003 Wage</u>	<u>2003-2004 Wage</u>
Patrolman		
Start	\$12.92	\$13.24
After 1 Year	14.52	14.88
After 3 Years	15.67	16.06
Detective	16.37	16.78
Sergeant	17.03	17.46
Captain	17.68	18.12

The city's final offer on wages is the same as that recommended by the fact finder when he issued his report on March 14, 2003 which was rejected by the union.

The parties stipulate that the distribution of the 11 members of the bargaining unit is as follows with respect to work classifications: there are 2 patrolmen, with over one but less than three years' seniority; 5 patrolmen with over 3 years' seniority; 1 officer who is a detective; 2 who are sergeants, and that the police force of Estherville has 1 captain.

The arbitrator has examined the union's straight-forward calculations of the effect of the two different final offers, and the distribution of personnel in the unit, on the cumulative annual increase in wages to be paid by the city for the 2003-2004 contract year if one, or the other, of the offers is accepted. There is nothing mysterious about any of this. If the arbitrator accepts the union's offer the increased cost to the city for the proposed contract year will be \$12,810.80. If the arbitrator accepts the city's offer, the cost to the city for the proposed contract year will be \$9,110.40 or \$3,702.40 less.

Discussion

Before addressing the rationale of the parties for their final offers here the arbitrator will address a cost issue which has been raised in these proceedings and over which the parties have considerably different views. The city contends that the increased costs for police compensation for the next contract year is not limited to the calculations stated here under the parties' final offers. According to the city, there is an additional cost which must be calculated in which is greater than its own 2.5% wage increase offer and which is almost equal to cost of the 3.5% wage increase proposal found in the union's final offer in these proceedings. According to the city its cost for its compensation increase to the police starting July 1, 2003, under its own offer, is really \$9,110.40 plus an additional \$12,770 to pay for the Estherville's police "Cadillac pension system" which, as a result of an historical idiosyncrasy, Estherville and only two (2) other cities in

the state of Iowa with populations "...under 7,000 provide for their police officers...".¹³

So, according to the city, its own final offer for the police will really cost the city of Estherville an increase of \$21,880.40 ($\$9,100.40 + \$12,770.00$) during the next contract year, and the final offer by the union will cost the city an increase of \$25,580.80 ($\$12,810.80 + \$12,770.00$) in compensation related expenditures for its police force alone in the next year running from July 1, 2003 through June 30, 2004.

The union disputes that the cost of pensions should be calculated into these proceedings since those costs are outside the perimeters of the bargaining table. Under the *Act* @ 20.9 retirement systems are excluded from the scope of negotiable items in the public sector in Iowa.

Rationale by the union for its final offer centers on a number of arguments of which its comparability analyses related to 30 other cities with unionized police departments in Iowa form a core consideration. Because not all cities in the sample of 15 smaller and 15 larger cities with unionized police forces have the same police personnel classifications in their units as Estherville the union lays out a series of tables on hourly earnings of officers in these cities, as compared with Estherville, on basis of the union's 3.5% wage increase proposal. The arbitrator will limit the discussion here to patrolmen because less than half of the cities have detectives or sergeants in their units and only 1 of the 30 cities have a captain in their collective bargaining unit. Thus comparisons on other

¹³These other two cities are Oelwein and Maquoketa, Iowa. City Exhibit 19.

than wages of patrol officers becomes tenuous at best. In what the union calls Group 1 (or the 15 cities smaller than Estherville with bargaining units), the hourly wage for top patrolman in Estherville on July 1, 2003, after factoring in the 3.5% increase, would still be, according to the union a nickel an hour below the average compensation paid patrolmen in the other cities. When the same comparison is made in what the union calls Group 2, or with the 15 cities larger than Estherville with unionized police the hourly wage paid Estherville police drops 77¢ an hour below the mean.¹⁴

The union also argues that the wage increase it is requesting is modest in comparison with increases received by the city's management over the years: 2000-2002.¹⁵

The city provides a wage survey of its own which include a sample of 33 Iowa cities wherein it shows that of these cities the earnings of Estherville police fall above the median levels of pay paid to police. These cities include both unionized and non-unionized municipalities. The city argues that the tax levies in Estherville are already too high, some 16% above the median levy for as sample of over 30 cities about the size of Estherville, and that those paying the taxes are Emmet County retirees who have moved there and whose FICA retirement adjustment is only 1.4% for the current year. The city argues that the latter adjustment ought to be a reasonable one against which to compare its own proposal of an increase of 2.5% for the police of Estherville for 2003-2004.

¹⁴All information taken from the union's exhibits under the tab entitled: Final Comparisons.

¹⁵Union exhibit: City Administration Wage Survey.

Further, the city argues that it already has a labor contract with its other collective bargaining unit of employees represented by the UFCW and the 2003-2004 increase ratified by those employees is 2.25%, which is below that proposed by the city for the police.

Findings

After studying the extensive record on this case, including the arguments offered by the parties at the hearing, their written briefs, as well as the large number of exhibits provided for the record, the arbitrator concludes as follows.

There are a number of general considerations affecting the economic status of the city of Estherville which the arbitrator must consider in his deliberations in this case. They are the following.

First of all, the city complains about the costs of its Cadillac pension system for police, which it has to fund and it aligns those costs with bargaining proposal costs. The union refuses to acknowledge the relevance of those costs because it states that it has no control over pensions under the *Act* @ 20.9. Nor for that matter, the arbitrator would observe, does the city. These costs are as much a part of the city's financial landscape as utility costs. And it may be that the city is in a pickle over a historical oddity (its drop in population from the days when it had 7,000 or more citizens) which has locked it into this particular pension system. But there also appears to be some smoke and mirrors going on here. For example, the city states that Estherville pays "...\$102.45 per year per officer

more than most cities...." its size for the police pension fund than it would if the officers were covered by FICA & IPERS.¹⁶ If this is the case the pertinent financial burden to the city, as far as the police pension is concerned, is not \$12,770. It is really 11 times the some \$100.00 or so extra it pays for the police officers for their pension benefits. This will increase on July 1, 2003 by an additional 3.48% per officer. However, another way of looking at this is that because of the payment formula, basically determining who pays what into the pension fund, the police officers in Estherville get an up-front windfall of slightly over \$1,400 per year in net income (they pay less of their income into the pension fund) as compared to other employees working for the city. The arbitrator is persuaded that this is not an unimportant consideration with respect to police compensation in Estherville. After all, after all is said and done, compensation considerations are really about how much money employees bring home in their paycheck.

Secondly, the city places some emphasis on the declining population of Estherville, Iowa. But the demographic data suggest that while there have been some minimal declines in population between the 1990 and 2000 census this could be reasonably interpreted as the city being in a population status quo. Further the relationship between population shifts and the city's revenues and expenditures certainly is not linear. Obviously this can be looked at in a number of different ways and the city provides exhibits to that effect. The revenues and expenses of the city fluctuated from FY

¹⁶City Exhibit 20.

1999 through FY 2002 and expenses did not outstrip revenues in that period until FY 2001. Further, net increases over losses for FY 1999 & FY 2000 are only canceled out by net losses over increases for FY 2001, FY 2002 and (estimated) FY 2003. Nevertheless, there is a disturbing trend over the last 2 years of 2001 and 2002 going into next year, which must be taken seriously.¹⁷ Data on the city's general fund balance over the longer time-frame: 1989 through 2002, but confirms that an earlier downturn, going from 1989 through 1998, only reversed from 1999 through 2000, and then started again its downward spiral until the present time.¹⁸ Of course, this is not the only way to look at the finances of the city but when there is continuing erosion of its general fund balances at the end of fiscal years these are red lights which responsible minds must take seriously. Under the *Act* @ 20.22(9)(c)&(d) these are considerations which the arbitrator has an obligation to seriously factor in when framing a ruling in this case.

Thirdly, the city underlines a political consideration stemming from the general negative condition of the finances of the state of Iowa at this point which the fact finder does not mention, and which could have an important economic impact on the city. The state of Iowa's lawmakers have considered curtailing sharing state taxes with local jurisdictions. The financial straits of the state of Iowa is not a unique phenomenon in 2003. Because of a downturn in the economy of the U.S. as a whole this arbitrator knows of no single state jurisdiction in the U.S. which is not experiencing similar revenue

¹⁷City Exhibit 11-A.

¹⁸City Exhibit 11.

contracting problems. The arbitrator has not been apprised by the parties, as he puts the finishing touches to this award, whether the state legislature in Iowa has been successful in bailing out its finances by imposing sacrifices on the states local jurisdictions. If this does happen, the result would be a major impact on Estherville's budget for the forthcoming fiscal year. The city calculates, in information provided to the arbitrator, that the result for Estherville would be a loss of some \$260,000+ for 2002-2003. For a budget projection of a general fund balance of \$748,890 for 2003 a loss of another \$260,000 is a serious matter indeed.

Fourthly, the state of Estherville's finances and specifically its revenue sources are related to its tax levies. From the citizens' point of view the amount of taxes they have to pay in Estherville, as opposed to living some other place, need to be factored into any information-based conclusions about quality of life in this municipality. This assumes the citizens have a choice about these matters. Common sense suggests that this might not always be the case even when the citizens do have information available. When they do not have a choice an arbitrator in a case such as this must, by legislative mandate, consider the "...interests and welfare of the public..." as stated by the *Act @ 20.22 (9)(c)*. At present the tax levy in Estherville is the highest in its history @ \$16.52 per thousand dollars in valuation¹⁹ Estherville does not have the steepest tax levy in the cohort of cities in the 5,100 to 9,500 population range in Iowa but it is pretty high on the list. Of 33 such

¹⁹City Exhibit 8.

cities Estherville is 9 from the top.²⁰ These data could be further refined as the city does in its presentation to the arbitrator: suffice it to say that the taxes are higher in Estherville than in most of the other Iowa cities in its population range.²¹

The parties are obviously well aware of the economic and bargaining comparability perimeters laid out in the *Act* @ 20.22 (9)(b). The fact finder's analysis is the correct one when he states, with respect to this point, which is the same argument proffered here before this arbitrator by the union, that wage comparisons of police in Estherville with employees in other comparable Iowa cities (to the extent that is possible) should be limited to police as an occupational group, and to union represented police collective bargaining units. This catches the unambiguous meaning of the statute which requires that criteria used by an arbitrator shall be a comparison of "...wages, hours and conditions of employment of the involved public employees with those of other public employees doing comparable work..." given other peculiar factors which may or may not be quantitatively measurable. This straightforward requirement did not keep the parties to this case, however, from suggesting comparisons which are fairly wide of the legislatively mandated mark. The city offered, for example, an internal comparison between the police unit and its public works' unit, and external comparisons between its police unit and

²⁰City Exhibit 9.

²¹Of the cities in question the city's representative calculates, which is not disputed by the union, that the citizens of Estherville pay taxes which are 16% above the medium of the sample of cities in question. Ibid. Further refining the tax analyses the city of Estherville stands as No. 5 of 14 counties in northwest Iowa. City Exhibit 10.

other police forces in other cities in Iowa, some not unionized, as well as a comparison between its proposal and the negotiated results of the state AFSCME contract. Even the union, complaining about the inappropriateness of such comparisons, delved into internal comparisons between its own final offer for police with compensation increases granted to the city of Estherville's managerial staff. But the proper comparisons are the offers by both parties as compared with the more recent negotiated results found in police collective bargaining contracts in comparable cities to the extent that the latter can be reasonably established. On this point the data are partially incomplete. But for about two thirds of the bargaining unit, who are officers with the classification of patrolman, they are barely on par with the median earnings of police officers in the same of 15 cities smaller than Estherville, and over 75¢ an hour below the median of the 15 unionized cities larger than Estherville. This is the pertinent information which the arbitrator must use, in conjunction with all other information in the record, in framing an Award in this case.

Ruling

Given the information of record provided to the arbitrator, and the criteria to be used in framing an award in this case in accordance with the *Act* @ 20.22)9)(a-d) the arbitrator concludes as follows. This conclusion is based on the balance which the arbitrator must find between the comparable rights of the members of the bargaining unit to have a reasonable and just wage, with the economic resources of the city to provide

such, and with the welfare of the citizens of Estherville.

There is a projected increase in expenses over revenues for the city for 2003. There will be a decrease in city reserves in its general fund balance at the end of the contract year under question. The projected trend is for the city to spend more than it will be taking in now for the third year in a row. The current tax burden of the citizens of Estherville is relatively high and a goodly number of those footing that burden appear to be those who are on fixed incomes. None of these observations are disputed by the union. On the other hand the arbitrator is aware that the appropriate comparability data, to the extent that it can be fitted to the arguments presented by the union, and the fit is not always as clear-cut as the union would like it to be, shows that patrolmen in Estherville do appear to be on the lower end of median hourly compensation in the sample of 30 cities, even with the union's proposal of 3.5% increase, which will just go lower with the city's 2.5% proposal. The police pension system about which the city complains, however, because of the costs of this system, does work to the advantage of the members of Estherville's police collective bargaining unit. Because of the pension contribution formula, which is not disputed by the union, the police in Estherville end up with annual net take-home pay of \$1,434.35 more than officers who have FICA & IPERS as their pension plans.²² In fact, they end up with \$1,434.35 more in annual net pay than anyone else working for the city of Estherville. The reason for this is simple enough to

²²City Exhibit 20.

understand. The contribution formula tilts toward the city and away from the police. This is a built-in benefit for the police which can reasonably be interpreted as a windfall which they receive year after year. Lastly, lurking in the background, which the arbitrator simply cannot responsibly disregard, is the potential horrific effects which the withdrawal of in excess of \$250,000 of state funds from Estherville could have on the city's finances. No one has told this arbitrator that the loss of these funds to the city would not take place despite information in the record to the effect that it would.²³

Assembling and weighing all of these considerations, therefore, the arbitrator issues the following Award.

Award

The wage increase for the police collective bargaining unit members represented by AFSCME Council 61 in the city of Estherville, Iowa for the contract year effective July 1, 2003 through June 30, 2004 shall be 2.5% across-the-board. Adjustments in the hourly rate for the positions found listed in *Section 26.1* of the new labor contract shall be made accordingly.



Edward L. Suntrup
Arbitration Services

Dated: May 23, 2003
Winnetka, Illinois

²³City exhibit 4c. *The Des Moines Register* (Saturday, April 26, 2003): "House votes to slash budget. Bill now awaits (governor) Vilsack's signature after long debate, heavy criticism. Despite a protest by dozens of Iowa police officers, firefighters, mayors and other city officials, the Iowa House voted 51-47 on Friday (April 25, 2003) to send a \$128 million budget-cutting bill to the governor...". This happened 5 days before the arbitration hearing.

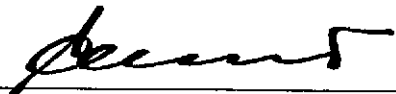
CERTIFICATE OF SERVICE

I certify that on the 23rd day of MAY, 20 03, I served the foregoing Award of Arbitrator upon each of the parties to this matter by (_____ personally delivering) (_____☒ mailing) a copy to them at their respective addresses as shown below:

DANNY HOMAN
AFSCME COUNCIL 41
4320 W. SECOND ST.
DES MOINES, IOWA 50313

STEVEN D. WOODLEY
CITY ADMINISTRATOR
CITY OF ESTHLEVILLE
P.O. BOX 407, ESTHLEVILLE, IOWA 57334

I further certify that on the 23rd day of MAY, 20 03, I will submit this Award for filing by (_____ personally delivering) (_____☒ mailing) it to the Iowa Public Employment Relations Board, 514 East Locust, Suite 202, Des Moines, IA 50309.



EDWARD L. SUNDROP, Arbitrator
(Print Name)

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